

O2MICRO INTERNATIONAL LTD

Form 6-K

May 21, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549**

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**FORM 6-K**

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**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER  
THE SECURITIES EXCHANGE ACT OF 1934**

**For the Month of May 2007**

**Commission file number: 000-30910**

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**O2MICRO INTERNATIONAL LIMITED  
(Translation of registrant's name into English)**

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**Grand Pavilion Commercial Centre, West Bay Road  
P.O. Box 32331 SMB, George Town  
Grand Cayman, Cayman Islands  
(Address of principal executive office)**

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.  
Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

*Note:* Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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*Note:* Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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Information furnished on this Form 6-K:

1. Other Events

On May 2, 2007, O2 Micro International Limited (the "Company") issued a press release announcing its financial results for the first quarter ended March 31, 2007. A copy of the Company's press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

2. Exhibits

(a) Exhibits:

The Exhibit Index attached hereto is hereby incorporated by reference to this Item.

(b)

**EXHIBIT INDEX**

**Exhibit  
Number**

**Exhibit Title**

|      |  |
|------|--|
| 99.1 | Press release announcing financial results for the first quarter ended March 31, 2007. |
|------|--|

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

**O2MICRO INTERNATIONAL LIMITED**

May 18, 2007

By:

Sterling Du  
Chief Executive Officer

## O2Micro(R) Reports First Quarter Financial Results

Wednesday May 2, 4:00 pm ET

### First Quarter Net Sales up 20% Over Prior Year

### Outlook for Growth in All Key Markets

GEORGE TOWN, Grand Cayman, May 2 /PRNewswire-FirstCall/ -- O2Micro® International Limited (Nasdaq: [OIIM](#) - [News](#); SEHK: [0457](#) - [News](#)), a leading supplier of innovative power management, and security components and systems, reported its financial results today for the first quarter ended March 31, 2007.

Net sales for the first quarter of 2007 were \$35.0 million, which was down 4% from the preceding quarter, but up more than 20% from the first quarter of the prior year. First quarter net sales reflected a normal seasonal slowdown and the impact of the Chinese New Year.

First quarter research and development (R&D) expenditures were \$8.0 million or 23% of net sales. The Company now employs over 605 engineers working on R&D worldwide. In the first quarter, O2Micro's intellectual properties (IP) portfolio expanded by 10%, with the granting of 27 new patents and their related claims.

Net income for the first quarter of 2007 was \$99,000 or zero cents per fully diluted American Depositary Share (ADS). First quarter net income was reduced by pre-tax litigation expense of \$3.3 million and \$602,000 of pre-tax stock-based compensation.

Sterling Du, Chairman and CEO of O2Micro, commented, "Demand for improved battery efficiency, better graphics, larger LCD displays and LCD HDTV are all benefiting O2Micro. We are very encouraged by our position in the notebook computer and hand-held electronics markets. As a result, the Company expects sales to grow 6 to 10% in the second quarter of 2007 as compared to the first quarter."

Mr. Du added, "The Company's long-term strategy is clear. O2Micro will continue to leverage its large portfolio of IP and the benefits of the patent protection program are now becoming apparent. In addition, we are using our significant pool of engineering resources to develop new products and to secure additional design wins with world-class manufacturers, many of which are based in Asia."

Conference Call: O2Micro will hold its first quarter conference call today at 2:00 p.m. PST, 5:00 p.m. EST, and 5:00 a.m. (May 3, 2007) Hong Kong time. You may participate using the following dial-in information.

|                                      |               |                       |
|--------------------------------------|---------------|-----------------------|
| In the US and CANADA:                | 866-409-1555, | pass<br>code #6475249 |
| In HONG KONG:                        | 800-965-503,  | pass<br>code #6475249 |
| Other INTERNATIONAL<br>participants: | 913-312-1235, | pass<br>code #6475249 |

A replay of the call will be available by phone until May 9th using the following dial-in information.

|                       |               |                       |
|-----------------------|---------------|-----------------------|
| In the US and CANADA: | 888-203-1112, | pass<br>code #6475249 |
|-----------------------|---------------|-----------------------|

|                                      |               |                       |
|--------------------------------------|---------------|-----------------------|
| In HONG KONG:                        | 800-908-709,  | pass<br>code #6475249 |
| Other INTERNATIONAL<br>participants: | 719-457-0820, | pass<br>code #6475249 |

A live simulcast will also be available on the company website at [www.o2micro.com](http://www.o2micro.com), and an online replay will be available on the website for one week.

#### About O2Micro

Founded in April 1995, O2Micro develops and markets innovative power management, and security components and systems for the Computer, Consumer, Industrial, and Communications markets. Products include Intelligent Lighting, Battery Management, Power Management, SmartCardBus® and Security products, such as VPN/Firewall system solutions.

O2Micro International maintains an extensive portfolio of intellectual property with 7,211 patent claims granted, and over 8,000 more pending. The company maintains offices worldwide. Additional company and product information can be found on the company website at [www.o2micro.com](http://www.o2micro.com).

O2Micro, the O2Micro logo, SmartCardBus and combinations thereof are registered trademarks of O2Micro. All other trademarks are the property of their respective owners.

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Certain statements in this release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. They include statements regarding O2Micro's future growth, long term profitability, increases in shareholder value, expansion of O2Micro's product and patent portfolios, legal expenditures, litigation activity and other statements regarding O2Micro's or management's intentions, hopes, beliefs, expectations, representations, projections, plans or predictions of the future. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Factors that could cause actual results to differ materially include risks and uncertainties such as reduced demand for products of electronic equipment manufacturers which include O2Micro's products due to adverse economic conditions in general or specifically affecting O2Micro's markets, technical difficulties and delays in the development process, and errors in the products. You are also referred to the Form F-1 in connection with the company's initial public offering in August 2000, Form F-3 in connection with the company's public offering in November 2001, and the annual reports on Form 20-F, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements. The company assumes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Contact Information:

Mitchell Benus

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O2Micro International Limited and Subsidiaries  
Consolidated Statements of Operations and Comprehensive Income (Unaudited)  
(In Thousand U.S. Dollars, Except Per Share Amounts)

|  | Three Months Ended<br>March 31 |           |
|--|--------------------------------|-----------|
|  | 2007                           | 2006      |
| NET SALES                                  | \$ 35,037                      | \$ 29,109 |
| COST OF SALES                              | 15,922                         | 12,807    |
| GROSS PROFIT                               | 19,115                         | 16,302    |
| OPERATING EXPENSES                         |                                |           |
| Research and development (a)               | 7,954                          | 7,116     |
| Selling, general and<br>administrative (a) | 8,128                          | 6,584     |
| Patent related litigation                  | 3,255                          | 2,261     |
| Total Operating Expenses                   | 19,337                         | 15,961    |
| (LOSS) INCOME FROM OPERATIONS              | (222)                          | 341       |
| NON-OPERATING INCOME                       |                                |           |
| Interest income                            | 814                            | 899       |
| Foreign exchange gain (loss)               | (256)                          | 31        |
| Other - net                                | 2                              | 43        |
| Total Non-operating Income                 | 560                            | 973       |

|  |           |           |
|--|-----------|-----------|
| INCOME BEFORE INCOME TAX                                 | 338       | 1,314     |
| INCOME TAX EXPENSE                                       | 239       | 283       |
| NET INCOME   | 99        | 1,031     |
| OTHER COMPREHENSIVE INCOME                               |           |           |
| Foreign currency translation adjustments                 | (11)      | 230       |
| Unrealized gain (loss) on available-for-sale securities  | 707       | (85)      |
| Total Other Comprehensive Income                         | 696       | 145       |
| COMPREHENSIVE INCOME                                     | \$ 795    | \$ 1,176  |
| EARNINGS PER SHARE:                                      |           |           |
| Basic  | \$ 0.0001 | \$ 0.0005 |
| Diluted  | \$ 0.0001 | \$ 0.0005 |
| EARNINGS PER ADS   |           |           |
| Basic  | \$ -      | \$ 0.03   |
| Diluted  | \$ -      | \$ 0.03   |
| SHARES USED IN EARNINGS PER SHARE                        |           |           |
| CALCULATION:   |           |           |
| Basic (in thousands)                                     | 1,907,216 | 1,963,634 |
| Diluted (in thousands)                                   | 1,914,363 | 1,994,263 |
| ADS UNITS USED IN EARNINGS PER ADS                       |           |           |
| CALCULATION:   |           |           |
| Basic (in thousands)                                     | 38,144    | 39,273    |
| Diluted (in thousands)                                   | 38,287    | 39,885    |
| (a) INCLUDES STOCK-BASED COMPENSATION CHARGE AS FOLLOWS: |           |           |
| Research and development                                 | \$ 252    | \$ 328    |
| Selling, general and administrative                      | \$ 350    | \$ 361    |



O2Micro International Limited and Subsidiaries  
Consolidated Balance Sheets  
(In Thousand U.S. Dollars, Except Share Amounts)

|  | March 31,<br>2007<br>Unaudited | December 31,<br>2006 |
|--|--------------------------------|----------------------|
| <b>A S S E T S</b>                                 |                                |                      |
| <b>CURRENT ASSETS</b>                              |                                |                      |
| Cash and cash equivalents                          | \$ 39,319                      | \$ 45,438            |
| Restricted cash                                    | 7,927                          | 8,342                |
| Short-term investments                             | 21,889                         | 19,697               |
| Accounts receivable - net                          | 23,022                         | 18,987               |
| Inventories  | 15,192                         | 14,076               |
| Prepaid expenses and other current assets          | 7,451                          | 7,379                |
| <b>Total Current Assets</b>                        | <b>114,800</b>                 | <b>113,919</b>       |
| <b>LONG-TERM INVESTMENTS</b>                       | <b>24,760</b>                  | <b>24,059</b>        |
| <b>PROPERTY AND EQUIPMENT - NET</b>                | <b>42,234</b>                  | <b>41,427</b>        |
| <b>OTHER ASSETS</b>                                |                                |                      |
| Restricted assets - net                            | 13,960                         | 14,540               |
| Other Assets                                       | 3,195                          | 3,075                |
| <b>TOTAL ASSETS</b>                                | <b>\$ 198,949</b>              | <b>\$ 197,020</b>    |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>        |                                |                      |
| <b>CURRENT LIABILITIES</b>                         |                                |                      |
| Notes and accounts payable                         | \$ 10,543                      | \$ 9,851             |
| Income tax payable                                 | 902                            | 991                  |
| Accrued expenses and other current liabilities     | 12,391                         | 12,212               |
| <b>Total Current Liabilities</b>                   | <b>23,836</b>                  | <b>23,054</b>        |
| <b>OTHER LONG-TERM LIABILITIES</b>                 |                                |                      |
| Accrued pension liabilities                        | 441                            | 455                  |
| Long-term Interpretation 48 tax liabilities        | 117                            | -                    |
| <b>Total Liabilities</b>                           | <b>24,394</b>                  | <b>23,509</b>        |
| <b>COMMITMENTS AND CONTINGENCIES</b>               |                                |                      |
| <b>SHAREHOLDERS' EQUITY</b>                        |                                |                      |
| Preference shares at \$0.00002 par value per share |                                |                      |
| Authorized - 250,000,000 shares                    | -                              | -                    |
| Ordinary shares at \$0.00002 par value per share   |                                |                      |
| Authorized - 4,750,000,000 shares                  |                                |                      |

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|  |           |                |           |                |
|--|-----------|----------------|-----------|----------------|
| Issued -1,904,990,200 and<br>1,906,969,950 shares as of<br>March 31, 2007 and December 31,<br>2006, respectively |           | 38             |           | 38             |
| Additional paid-in capital   |           | 140,777        |           | 140,224        |
| Retained earnings  |           | 33,672         |           | 33,877         |
| Accumulated other comprehensive income (loss)  |           | 68             |           | (628)          |
| Total Shareholders' Equity   |           | 174,555        |           | 173,511        |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS'<br/>EQUITY</b>  | <b>\$</b> | <b>198,949</b> | <b>\$</b> | <b>197,020</b> |